

REVISED 8/24/10

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
LINCOLN PLAZA NORTH
400 Q STREET, ROOM 3340
SACRAMENTO, CA 95811**

August 12, 2010

**NOTICE OF MODIFICATION TO
TEXT OF PROPOSED REGULATIONS**

**COMMENTS REGARDING INITIAL
STATEMENT OF REASONS**

NOTICE OF MODIFICATION

Pursuant to the requirements of Government Code section 11346.8(c), and Section 44 of Title 1 of the California Code of Regulations, the CalPERS Board of Administration ("Board") is providing notice of modification to the proposed amendments of Sections 559 of Title 2 of the California Code of Regulations. The amendments as originally proposed were the subject of a Notice of Proposed Regulatory Action published in the California Regulatory Notice Register, Register 2010, No. 14-Z, April 2, 2010, OAL Notice File Number Z-2010-0323-04. As published in the California Regulatory Notice Register on April 30, 2010 the hearing date was changed from May 17, 2010, to June 14, 2010, the comment period was extended to June 14, 2010, and the Initial Statement of Reasons was revised. A public hearing was held on June 14, 2010. At the hearing, the Board directed staff to consider certain amendments discussed at the meeting. Written comments were received that were not specifically considered by the Board on June 14, 2010, since they were not received in time to be considered at the hearing. Staff has reviewed all the comments received pursuant to the April 2, 2010 and April 30, 2010 notices. Staff has made amendments to the proposed regulation based on those comments. Please note the two forms, "CalPERS Placement Agent Information Disclosure Form – Proposed and New Investment Agreements" and "CalPERS Placement Agent Information Disclosure Form – Amendments" already noticed, have also been amended and incorporated by reference into the proposed regulation.

If you have comments regarding the amended proposed regulation and/or forms incorporated by reference, you may submit them in writing to the Board between August 12, 2010 and August 26, 2010. All written comments must be received by 5:00 p.m. on August 26, 2010. Comments may be submitted by fax at (916) 795-4607; e-mail at the following address: marte.castanos@calpers.ca.gov or mailed to the following address:

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California Public Employees' Retirement System
400 Q Street, Room 3340
P.O. Box 942702
Sacramento, CA 94229-2707
Attn: Marte Castaños, Senior Staff Counsel
Telephone: (916) 795-3675

The Board is accepting comments only on the proposed modifications to the proposed regulation and forms incorporated by reference. All written comments on the proposed modifications that are received by August 26, 2010 will be reviewed and responded to by the Board's staff as part of the compilation of the rulemaking file. It is anticipated that the Board, acting through the Investment Committee, will consider modified regulations on September 13, 2010*. Additional modifications may be made in response to comments received during the notice period and/or comments made by the Board at the September 13, 2010 public meeting. If necessary, additional public notice and comment periods may occur depending on whether additional changes to the proposed regulation are made and the substance of those modifications.

COMMENTS REGARDING THE INITIAL STATEMENT OF REASONS

The Initial Statement of Reasons stated that there would be no cost impacts on representative private persons or businesses. That statement is erroneous. CalPERS believes there will be some cost impact on representative private persons or businesses. See completed Form 399 dated March 23, 2010 for an estimate of cost impacts on representative private persons or businesses.

The Initial Statement of Reasons also stated that there would be no cost impact on any state agency. That statement presumed that the impacts would be absorbable and consistent with costs already being incurred by CalPERS and other state agencies.

*NOTE: A correction was made to the Board of Administration Investment Committee meeting date from September 16, 2010 to September 13, 2010.

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Text of Modified Proposed Regulation

The Board has illustrated changes to the original text in the following manner: regulation language originally proposed is underlined; deletions from the language originally proposed are shown in strikeout using a " – "; and additions to the language originally proposed are double-underlined.

PROPOSED ADDITION OF SECTION 559. DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS AND CAMPAIGN CONTRIBUTIONS TO ARTICLE 2 OF CHAPTER 2 OF DIVISION 1 OF TITLE 2 OF THE CALIFORNIA CODE OF REGULATIONS

(a) Definitions:

1. *Amendment.* Amendment means any modification to an agreement with an External Manager (including by a vote, consent, or waiver by the limited partners/investors or a subset of the limited partners/investors, or separate side agreement or amendment to a side agreement) to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by CalPERS, or increase or accelerate the fees or compensation payable to the External Manager.
2. *CalPERS Vehicle.* CalPERS Vehicle means a corporation, partnership, limited partnership, limited liability company, association or other entity either domestic or foreign, constituting or ~~or other investment vehicle~~ managed by an External Manager in which CalPERS is the majority ~~(or greater)~~ investor and that is organized in order to invest with, in other or retain the investment manager services of other, External Managers, i.e., a fund of funds.
3. *CalPERS Vehicle Manager.* CalPERS Vehicle Manager means the general partner, managing member, or investment manager of a CalPERS Vehicle.
4. *Consultant.* Consultant means an individual or firm, and includes an individual designated in a CalPERS contract as a ~~k~~Key ~~p~~Personnel of a Consultant firms who are ~~is~~ contractually retained or ~~has~~ been appointed to a pool by CalPERS to provide investment advice to CalPERS but who do not exercise investment discretion.

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5. External Manager. External Manager means (i) a ~~Person an asset management firm that is seeking to be, or has been is,~~ retained by CalPERS or by a CalPERS Vehicle to manage a portfolio of ~~assets (including securities) or other assets for a fee~~compensation or (ii) a ~~Person that is engaged, or proposes to be engaged, in the business of investing, reinvesting, owning, holding or trading securities or other assets and that offers or sells, or has offered or sold, its securities to CalPERS or a CalPERS Vehicle. The External Manager usually has full discretion to manage CalPERS assets, consistent with investment management guidelines provided by CalPERS and fiduciary responsibility. A CalPERS Vehicle Manager is an External Manager.~~
6. Person. Person means an individual, corporation, partnership, limited partnership, limited liability company, association or other entity (whether domestic or foreign).
7. Placement Agent. Placement Agent means any ~~p~~Person or entity hired, ~~employed, engaged, or retained by, or acting serving for the benefit of or on behalf of an External Manager or on behalf of another Placement Agent, who acts or acted for compensation as a finder, solicitor, marketer, c~~Consultant, broker or other intermediary to ~~raise money or investments from, or to obtain access to, CalPERS in connection with the offer or sale of the securities, assets or services of an External Manager to CalPERS or directly or indirectly including, without limitation, through a CalPERS Vehicle. Notwithstanding the above, Aa~~ Placement Agent shall not include any individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager who spends one-third or more of his or her time, during a calendar year, managing the ~~securities or assets owned, controlled, invested or held controlled by the External Manager.~~
8. Placement Agent Information Disclosure. Placement Agent Information Disclosure is defined in subsection (b)(1).

(b) Each External Manager and CalPERS Vehicle Manager is responsible for providing:

1. ~~Providing t~~The following information (collectively, the "Placement Agent Information Disclosure") to CalPERS staff or, if applicable, to the CalPERS Vehicle Manager within 45 days of the time investment discussions are initiated by the External Manager or the CalPERS Vehicle Manager, but in any event, prior to the completion of due diligence. For proposed and new investments, the Placement Agent Information Disclosure shall be provided by utilizing the "CalPERS Placement Agent Information

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Disclosure Form -- Proposed and New Investment Agreements" revised July 16, 2010 and incorporated herein by reference. For Amendments to existing investments, In the case of an Amendment, the Placement Agent Information Disclosure is required prior to execution of the Amendment and shall be provided by utilizing the "CalPERS Placement Agent Information Disclosure Form -- Amendments" revised July 16, 2010 and incorporated herein by reference.

- a. A statement whether the External Manager, or any of their principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any Pperson (whether or not employed by the External Manager or the CalPERS Vehicle Manager) or entity to act as a Placement Agent in connection with the offer of assets, securities, or services to investment by CalPERS or a CalPERS Vehicle.
- b. The name and relationship for each Placement Agent in connection with the investment by CalPERS, and attach aA resume for each Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such Pperson is a current or former CalPERS Board member, employee or Consultant or a member of the immediate family of any such person, this fact such information shall be specifically noted. When an entity is retained as a Placement Agent, any officer, director, or employee actively providing placement agent services with regard to CalPERS or receiving more than 15% of the placement agent fees shall provide information required by this subsection.
- c. A written copy of any and all agreements between the External Manager and the Placement Agent related to the assets, securities or services offered to CalPERS.
- d. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent related to the assets, securities, or services offered to CalPERS, including the nature, timing and value thereof.
- e. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with for all prospective clients or only with a subset of the External Manager's prospective clients.

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A written copy of any and all agreements between the External Manager and the Placement Agent.

- f. The names of any current or former CalPERS Board members, employees, or Consultants who suggested or otherwise assisted in the retention of the Placement Agent.
 - g. A statement that the Placement Agent (or any of its affiliates, as applicable) is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Authority or, if appropriate, the Commodity Futures Trading Commission, and the details of such registration. If, however, the Placement Agent is located and operates operating outside of the United States and interacts exclusively with CalPERS Vehicles formed and operated operating outside of the United States, then the statement may indicate that the Placement Agent (or any of its affiliates as applicable) is registered with a recognized non-U.S. financial regulatory authority and the details of such non-U.S. registration.
 - h. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
- 2. Providing an ~~An~~ update of any changes to any of the information included in the Placement Agent Information Disclosure within 14 calendar days of the date that the External Manager knew or should have known of the change in information.
 - 3. ~~Representing~~ Representation and warranty as to the continuing ing the accuracy of the information included in the Placement Agent Information Disclosure in any final written agreement with a continuing obligation to update any such information within 14 calendar days of the date that the External Manager knew or reasonably should have known of any material change in the information. A CalPERS Vehicle Manager does not need to represent and warrant as to the accuracy of information provided to them by an External Manager with whom the CalPERS Vehicle invests.
- (c) Each Placement Agent shall, prior to acting as a Placement Agent, disclose to CalPERS (1) all campaign contributions made by the Placement Agent to any elected CalPERS Board Member during the prior 24-month period and (2) all gifts, as defined in Government Code section 82028, given by the Placement Agent to any CalPERS Board Member during the prior 24-month period. Additionally, any subsequent campaign contribution or gift made by the Placement Agent to any

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elected CalPERS Board Member during the time the Placement Agent is receiving compensation in connection with a CalPERS investment shall also be disclosed.

(d) CalPERS staff and, except as specified below, CalPERS Vehicle Managers are responsible for all of the following except as specified below:

1. Providing External Managers with a copy of this regulation at the time that discussions are initiated with respect to a prospective investment or engagement.
2. Confirming that the Placement Agent Information Disclosure has been received within 45 days of the time investment discussions are initiated, but in any event, prior to the completion of due diligence and any recommendation to proceed with the contract or Amendment.
3. For new contracts and Amendments, declining the opportunity to retain or invest with the External Manager if the Placement Agent Information Disclosure reveals that the External Manager has used a Placement Agent that is not registered with the Securities and Exchange Commission or the Financial Industry Regulatory Authority or, if appropriate, the Commodity Futures Trading Commission. Notwithstanding the above, CalPERS Vehicle Managers may invest in External Managers where the Placement Agent is registered with a recognized non-U.S. financial regulatory authority consistent with subsection (b).1.g.
4. For new contracts and Amendments, securing the agreement of the External Manager in the final written agreement between CalPERS or the CalPERS Vehicle and the External Manager to provide CalPERS or the CalPERS Vehicle the following remedies in the event the External Manager or CalPERS Vehicle Manager knew or should have known of any material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this section:
 - a. Whichever is greater, the reimbursement of any management or advisory fees paid by CalPERS for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of the CalPERS or CalPERS Vehicle investment or engagement; and
 - b. At CalPERS or the CalPERS Vehicle's option, as appropriate, and without any default, penalty or liability on

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the part of CalPERS or the CalPERS Vehicle to the External Manager or CalPERS Vehicle, the authority to terminate immediately the investment management contract or other agreement with the External Manager or CalPERS Vehicle, to withdraw without default, penalty or liability on the part of CalPERS or the CalPERS Vehicle to from the limited partnership, limited liability company or other investment vehicle, or alternatively at CalPERS staff's or the CalPERS Vehicle's discretion to cease making further capital contributions (and paying any fees on these recalled commitments) to the limited partnership, limited liability company or other investment vehicle without penalty; provided, however, that notwithstanding the foregoing, CalPERS or the CalPERS Vehicle shall pay when due all obligations due to a third party lender with respect to commitment debt secured by CalPERS or the CalPERS Vehicles unfunded commitment.

5. For new contracts and Amendments, confirming that the final written agreement between CalPERS or the CalPERS Vehicle and the External Manager provides that the External Manager shall be solely responsible for, and CalPERS or a CalPERS Vehicle shall not pay (directly or indirectly), any fees, compensation or expenses for any Placement Agent used by the External Manager. —A provision that allows the External Manager to pay Placement Agent fees or compensation from capital contributed by CalPERS or a CalPERS Vehicle with a corresponding reduction in the management fee payable with respect to CalPERS or the CalPERS Vehicle's investment shall not be regarded as a payment of the Placement Agent fee or compensation by CalPERS or the CalPERS Vehicle for purposes of this section.
6. Rejecting any External Manager or Placement Agent's solicitation for any new offer of assets, securities, or services investment for five years after they have committed a violation of this section unless the Investment Committee reduces the penalty in an open session upon a showing that the violation was immaterial, unintentional, and that a reduction of the penalty is consistent with the fiduciary responsibilities of the Investment Committee as described in Article XVI, section 17 of the California Constitution.
7. Providing copies of the Placement Agent Information Disclosure to the CalPERS Senior Investment Officer for the asset class for which the External Manager performs investment services, the CalPERS Chief Investment Officer, the CalPERS Chief Executive

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Officer, the CalPERS Chief of the Office of Enterprise Compliance and CalPERS' General Counsel. The CalPERS Vehicle Manager shall only be responsible for providing a copy of the Placement Agent Information Disclosure to CalPERS staff.

8. Providing the Investment Committee with a copy of the Placement Agent Information Disclosure whenever the Investment Committee makes or approves the decision to invest with the External Manager. This obligation does not apply to the CalPERS Vehicle Manager.
 9. Compiling a monthly report containing the names and amounts of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures, providing the report to the Investment Committee, and disclosing the report to the public by posting it to the CalPERS website. The CalPERS Vehicle shall only be responsible for providing this information to CalPERS staff. The report will also include campaign contributions and gifts to CalPERS Board Members reported by Placement Agents. Notwithstanding the above, CalPERS staff may provide the required disclosure confidentially to the Investment Committee if disclosure involves a proposed investment and public disclosure will impair CalPERS' ability to maximize its investment returns. In such cases, disclosure will be made at the first open meeting of the Investment Committee that is held after the final decision is made whether to invest with the External Manager. The disclosure will include a detailed explanation why the disclosure was originally made confidential.
 10. Reporting to the Investment Committee at least quarterly any material violations of this section. The CalPERS Vehicle shall only be responsible for providing this report to CalPERS staff.
- (e) External Managers and Placement Agents shall comply with this section and cooperate with CalPERS staff in meeting CalPERS staff's obligations under this section.
 - (f) CalPERS staff is responsible for implementing this section for CalPERS Vehicles by seeking the written agreement of CalPERS Vehicle Managers to comply with this section. If any such CalPERS Vehicle does not agree in writing to comply with this section, CalPERS staff shall report to the Investment Committee the refusal.
 - (g) All parties responsible for implementing, monitoring and complying with this regulation should consider the spirit as well as the literal expression of its provisions.

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In cases where there is uncertainty whether a disclosure should be made, this regulation shall be interpreted to require disclosure.

- (h) Only the Investment Committee can grant exceptions to this regulation and any such exceptions shall be reported to the Investment Committee and the public within 60 days, except that the CalPERS Chief Investment Officer can agree to an exception for an Amendment, where the decision cannot be delayed until the next Investment Committee meeting. Any exceptions agreed to by the Chief Investment Officer shall be reported out to the public and the Investment Committee within 60 days. The Investment Committee and Chief Investment Officer shall only provide exceptions that are consistent with their fiduciary responsibilities as described in Article XVI, section 17 of the California Constitution, and provided further that all such exceptions are fully disclosed to the public.
- (i) The Placement Agent Information Disclosure and their attachments shall be public records subject to disclosure under the California Public Records Act except as provided in subsection (d)(9). No confidentiality restrictions shall be placed by the External Manager or the Placement Agent on any information provided pursuant to this section.

NOTE: Authority cited: Government Code Sections 7513.85(a), 20120, and 20121, Government Code. Reference: Sections 7513.8, 7513.85, and 7513.9, Government Code.



CalPERS Placement Agent Information Disclosure Form –
Proposed and New Investments
(To Be Utilized For Proposed and New Investment Agreements)
Revised August 12, 2010

This form facilitates the disclosures and contractual obligations required by 2 Cal. Code Regs. Section 559 -- Disclosure of Placement Agent Fees, Gifts and Campaign Contributions ("Policy").

This form is to be used only for proposed and new investment agreements.
Please refer to 2 Cal. Code Regs. Section 559 prior to completing this form.

Name of new or proposed investment agreement with CalPERS: _____

Firm Name: _____

Contact Person: _____

E-mail Address: _____

Phone No: _____

Name of CalPERS Contact (if applicable): _____

Have you, your firm or your firm's principals, employees, agents, or affiliates compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by you) or any entity to act as a Placement Agent in connection with the offer of assets, securities, or services to Investment or the Contract by CalPERS or a CalPERS Vehicle? (§559 (b)1.a.)

☐ Yes. ☐ No.

If you checked Yes, please continue completing the rest of the Form and provide your signature at the end of the Form.

If you checked No, please skip the rest of the Form and provide your signature at the end of the Form.

Please list the names and relationships for each officer, partner, or principal of the Placement Agent (and any employee providing similar services), in connection with the investment by CalPERS, and attach a resume for each of them detailing each person's (i) education, (ii) professional designations, (iii) regulatory licenses and (iv) investment and work experience. Please check the box if any person listed is a current or former CalPERS Board member, employee, or Consultant, or a member of the immediately family of any such person. When an entity is retained as a Placement Agent, please include the requested information for any officer, director, or employee actively providing placement agent services with regard to CalPERS or receiving more than 15% of the placement agent fees. (§559 (b)1.b.)

	Name	Relationship
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

☐ Please attach a written copy of any and all agreements between you and the Placement Agent related to the assets, securities, or services offered to CalPERS and check the box to confirm that the agreements have been attached.
(Policy §559 (b)1.e.) (NOTE: A summary of this agreement is not acceptable.)

Provide a description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent related to the assets, securities, or services offered to CalPERS, including the nature, timing and value thereof. (§559 (b)1.c.) (NOTE: Please provide a dollar amount specifically allocable to the CalPERS Investment. If a specific dollar amount is not available, please provide an estimate and note it as such.)

Describe the services to be performed by the Placement Agent, including whether the Placement Agent is utilized by you for all prospective clients or only a subset of your prospective clients. (§559(b)1.d.)

Please list the names of any current or former CalPERS Board members, employees, or Consultants who suggested or otherwise assisted in the retention of the the use of the Placement Agent(s) noted above. (§559(b)1.f.)

☐ Please check the box indicating whether the Placement Agent or any affiliates is registered with the SEC or FINRA or CFTC. Also check the box indicating whether the Placement Agent or any of its affiliates (located and operating outside of the United States and interacting exclusively with CalPERS Vehicles formed and operated outside of the United States) is registered with a recognized non-U.S. financial regulatory authority. Provide the details of such registrations (U.S. and/or recognized non-U.S.) below. Please list exactly what entities or principals individuals are registered. (§559(b)1.g.)

☐ Please check the box indicating whether the Placement Agent or any of its affiliates is registered as a lobbyist with any state or federal government. If so, provide the names of those registered along with the jurisdiction in which they are registered. (§559(b)1.h.)

By executing this form the undersigned represents and warrants that the information set forth herein is true and correct. Until there is a final written agreement between the undersigned and CalPERS or discussions regarding a prospective agreement have terminated, the undersigned agrees to update this information within 14 calendar days of the date the External Manager knew or reasonably should have known of any changes to this information any changes.

The Placement Agent Information Disclosure and their attachments shall be public record subject to disclosure under the California Public Records Act. No confidentiality restrictions shall be placed by the External Manager or the Placement Agent on any information provided pursuant to this policy. (§559(i))

The undersigned represents and agrees that it shall make a representation and warranty as to the continuing accuracy of this information in any final written agreement between it and CalPERS. The undersigned also agrees that any final written agreement between the undersigned and CalPERS and any Amendment to the final written agreement will contain the provisions set forth in §559(d)4. (§559(b)2.)

The execution and delivery of this form has been authorized by all necessary action by the undersigned.

Name of Firm: _____

Name: _____
Title: _____

Date: _____



CalPERS Placement Agent Information Disclosure Form – Amendments
(To Be Utilized for Amendments to Existing Investment Contracts)
Revised August 12, 2010

This form facilitates the disclosures and contractual obligations required by 2 Cal. Code Regs. Section 559 -- Disclosure of Placement Agent Fees, Gifts and Campaign Contributions ("Policy").

This form is only required for an amendment to an existing investment.
Please refer to 2 Cal. Code Regs. Section 559 prior to completing this form.

Name of Investment Transaction/Investment Management Contract with CalPERS:
(the "Investment" or "Contract").

Firm Name: _____

Contact Person: _____

E-mail Address: _____

Phone No: _____

Name of CalPERS Contact (if applicable): _____

Have you, your firm or your firm's principals, employees, agents, or affiliates compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by you) or any entity to act as a Placement Agent in connection with the offer of assets, securities, or services to Investment or the Contract by CalPERS "or a CalPERS Vehicle."? (§559 (b)1.a.)

☐ Yes. ☐ No.

Will the substantive amendment benefit a Placement Agent in any manner?

☐ Yes. ☐ No.

If you checked Yes for one or both of the above questions, please continue completing the rest of the form and provide your signature at the end of the Form.

If you checked No for both questions, please skip the rest of the Form and provide your signature at the end of the Form.

Please list the names and relationship for each officer, partner, or principal of the Placement Agent (and any employee providing similar services), in connection with the investment by CalPERS, and attach a resume for each of them detailing each person's (i) education, (ii) professional designations, (iii) regulatory licenses and (iv) investment and work experience. Please check the box if any person listed is a current or former CalPERS Board member, employee, or Consultant, or a member of the immediately family of any such person. Any officer, director, or employee actively providing placement agent services with regard to CalPERS or receiving more than 15% of the placement agent fees should provide information required as well. (§559 (b)1.b.)

<u>Name</u>	<u>Relationship</u>

☐ Please attach a written copy of any and all agreements between you and the Placement Agent related to the assets, securities, or services offered to CalPERS and check the box to confirm that the agreements have been attached. (Policy §559 (b)1.e.) (PLEASE NOTE: A summary of this agreement is not acceptable.)

Provide a description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent related to the assets, securities, or services offered to CalPERS including the nature, timing and value thereof. (§559 (b)1.c.) (PLEASE NOTE: In order to report this amount we will need a dollar amount specifically allocable to the CalPERS Investment. If needed, please provide an estimate and note it as such.)

Describe the services to be performed by the Placement Agent, including whether the Placement Agent is utilized by you for all prospective clients or only a subset of your prospective clients. (§559(b)1.d.)

Please list the names of any current or former CalPERS Board members, employees, or Consultants who suggested or otherwise assisted in the retention of the use of the Placement Agent(s) noted above. (§559(b)1.f.)

☐ Please check the box indicating whether the Placement Agent or any affiliates is registered with the SEC or FINRA or CFTC. Also check the box indicating whether the Placement Agent or any of its affiliates (who is located and operates outside the United States and interacts exclusively with CalPERS Vehicles formed and operated outside of the United States) is registered with a recognized non-U.S. financial regulatory authority. Provide the details of such registrations (U.S. and/or recognized non-U.S.) below. Please list exactly which entities or ~~principals~~ individuals are registered. (§559(b)1.g.)

☐ Please check the box indicating whether the Placement Agent or any of its affiliates is registered as a lobbyist with any state or federal government. If so, provide the names of those registered along with the jurisdiction in which they are registered. (§559(b)1.h.)

By executing this form the undersigned represents and warrants that the information set forth herein is true and correct. Until there is a final written agreement between the undersigned and CalPERS or discussions regarding a prospective agreement have terminated, the undersigned agrees to update this information within 14 calendar days of any changes the date the External Manager knew or should have known of any change to this information.

The Placement Agent Information Disclosure and their attachments shall be public record subject to disclosure under the California Public Records Act. No confidentiality restrictions shall be placed by the External Manager or the Placement Agent on any information provided pursuant to this policy. (§559(i))

The undersigned represents and agrees that it shall make a representation and warranty as to the continuing accuracy of this information in any final written agreement between it and CalPERS. The undersigned also agrees that any final written agreement between the undersigned and CalPERS and any amendment to the final written agreement will contain the provisions set forth in §559(d)4. (§559(b)2.)

The execution and delivery of this form has been authorized by all necessary action by the undersigned.

Name of Firm: _____

Name: _____
Title: _____

Date: _____

ECONOMIC AND FISCAL IMPACT STATEMENT

(REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2008)

See SAM Section 6601 - 6616 for Instructions and Code Citations

DEPARTMENT NAME CalPERS	CONTACT PERSON Veronica Mora	TELEPHONE NUMBER 9167950713
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Disclosure of Placement Agent Fees		NOTICE FILE NUMBER Z

ECONOMIC IMPACT STATEMENT**A. ESTIMATED PRIVATE SECTOR COST IMPACTS** (Include calculations and assumptions in the rulemaking record.)

1. Check the appropriate box(es) below to indicate whether this regulation:

- | | |
|--|---|
| <input checked="" type="checkbox"/> a. Impacts businesses and/or employees | <input checked="" type="checkbox"/> e. Imposes reporting requirements |
| <input type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.) |

h. (cont.) Does not impact small businesses as that term is defined in Govt. Sec. 11342.610

(If any box in Items 1 a through g is checked, complete this Economic Impact Statement.)

2. Enter the total number of businesses impacted: 500-1000 Describe the types of businesses (Include nonprofits.): Investment Advisors; private equity, hedge fund, real estate fund advisors; and placement agents.Enter the number or percentage of total businesses impacted that are small businesses: 03. Enter the number of businesses that will be created: None eliminated: None

Explain: _____

4. Indicate the geographic extent of impacts: ☒ Statewide ☐ Local or regional (List areas.): _____5. Enter the number of jobs created: None or eliminated: None Describe the types of jobs or occupations impacted: _____

6. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?

☐ Yes☒ No

If yes, explain briefly: _____

B. ESTIMATED COSTS (Include calculations and assumptions in the rulemaking record.)

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ _____

a. Initial costs for a small business: \$ _____ Annual ongoing costs: \$ _____ Years: _____

b. Initial costs for a typical business: \$ _____ Annual ongoing costs: \$ _____ Years: _____

c. Initial costs for an individual: \$ _____ Annual ongoing costs: \$ _____ Years: _____

d. Describe other economic costs that may occur: Minimal reporting standards required should be able to be absorbed by existing personnel of managers impacted most of whom receive very large fees for their services.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

2. If multiple Industries are impacted, enter the share of total costs for each industry: _____

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. (Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.): \$ \$500-\$5000

4. Will this regulation directly impact housing costs? ☐ Yes ☒ No If yes, enter the annual dollar cost per housing unit: _____ and the number of units: _____

5. Are there comparable Federal regulations? ☐ Yes ☒ No Explain the need for State regulation given the existence or absence of Federal regulations: _____

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ _____

C. ESTIMATED BENEFITS (Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. Briefly summarize the benefits that may result from this regulation and who will benefit: Increased transparency to the investment decision-making process; increase confidence in the process; reduce conflicts of interests real and perceived; ensure that CalPERS investment decisions are consistent with investment policy and fiduciary responsibilities to the benefit of taxpayers.

2. Are the benefits the result of : ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?
Explain: Placement Agent Policy required by Govt. Code Sec. 7513.85

3. What are the total statewide benefits from this regulation over its lifetime? \$ _____

D. ALTERNATIVES TO THE REGULATION (Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: _____
Placement Agent Policy required by Govt. Code Sec. 7513.85

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation:	Benefit: \$ _____	Cost: \$ _____
Alternative 1:	Benefit: \$ _____	Cost: \$ _____
Alternative 2:	Benefit: \$ _____	Cost: \$ _____

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: _____

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? ☐ Yes ☐ No
Explain: _____

E. MAJOR REGULATIONS (Include calculations and assumptions in the rulemaking record.) Cal/EPA boards, offices, and departments are subject to the following additional requirements per Health and Safety Code section 57005.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million ? ☐ Yes ☒ No (If No, skip the rest of this section.)

2. Briefly describe each equally as an effective alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation:	\$ _____	Cost-effectiveness ratio: \$ _____
Alternative 1:	\$ _____	Cost-effectiveness ratio: \$ _____
Alternative 2:	\$ _____	Cost-effectiveness ratio: \$ _____

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT (Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

☐ 1. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code. Funding for this reimbursement:

☐ a. is provided in _____, Budget Act of _____ or Chapter _____, Statutes of _____

☐ b. will be requested in the _____ Governor's Budget for appropriation in Budget Act of _____
(FISCAL YEAR)

☐ 2. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are not reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because this regulation:

☐ a. implements the Federal mandate contained in _____

☐ b. Implements the court mandate set forth by the _____
court in the case of _____ vs. _____

☐ c. implements a mandate of the people of this State expressed in their approval of Proposition No. _____ at the _____
election; (DATE)

☐ d. is issued only in response to a specific request from the _____
_____, which is/are the only local entity(s) affected;

☐ e. will be fully financed from the _____ authorized by Section _____
(FEES, REVENUE, ETC.)
_____ of the _____ Code;

☐ f. provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each such unit;

☐ g. creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

☐ 3. Savings of approximately \$ _____ annually.

☐ 4. No additional costs or savings because this regulation makes only technical, non-substantive or clarifying changes to current law regulations.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

- ☒ 5. No fiscal impact exists because this regulation does not affect any local entity or program.
- ☐ 6. Other.

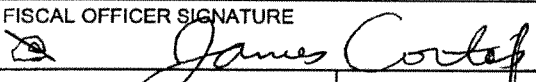
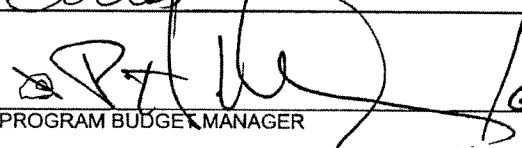

B. FISCAL EFFECT ON STATE GOVERNMENT (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

- ☐ 1. Additional expenditures of approximately \$ _____ in the current State Fiscal Year. It is anticipated that State agencies will:
- ☐ a. be able to absorb these additional costs within their existing budgets and resources.
- ☐ b. request an increase in the currently authorized budget level for the _____ fiscal year.

- ☐ 2. Savings of approximately \$ _____ in the current State Fiscal Year.
- ☒ 3. No fiscal impact exists because this regulation does not affect any State agency or program.
- ☐ 4. Other.

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

- ☐ 1. Additional expenditures of approximately \$ _____ in the current State Fiscal Year.
- ☐ 2. Savings of approximately \$ _____ in the current State Fiscal Year.
- ☒ 3. No fiscal impact exists because this regulation does not affect any federally funded State agency or program.
- ☐ 4. Other.

FISCAL OFFICER SIGNATURE		DATE
		3/23/2010
AGENCY SECRETARY ¹ APPROVAL/CONCURRENCE		DATE
	Gen. Counsel	3.23.2010
DEPARTMENT OF FINANCE ² APPROVAL/CONCURRENCE	PROGRAM BUDGET MANAGER	DATE
		

- The signature attests that the agency has completed the STD.399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or department not under an Agency Secretary must have the form signed by the highest ranking official in the organization.
- Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD.399.